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## Carbon Credit Program

The enrollment for the first pool of soils offsets has ended, but the 2006-2010 soils offsets contracts and enrollment is available and will be part of the next pool of offsets.

Deadline is summer of 2007 with credits being sold in early 2008.

Farmers Union's Carbon Credit Program allows ag producers and landowners to earn income by storing carbon in their soil through no-till crop production and longterm grass seeding practices. Farmers Union has earned approval from the Chicago Climate Exchange to aggregate carbon credits. Farmers Union will enroll producer acreages of carbon into blocks of credits that will be traded on the Exchange, much like other agricultural commodities are traded.

**CLICK HERE TO ENROLL**

### CLICK HERE FOR ANSWERS TO SOME OF THE MOST FREQUENTLY ASKED QUESTIONS

regarding the enrollment process, which could save you a phone call. If you have questions not answered on our website, please send an e-mail to [carboncredit@ndfu.org](mailto:carboncredit@ndfu.org).

**NOTE:** Due to the high number of inquiries about the program, it has been difficult to answer all questions in a timely manner. We apologize for any delay in our response.

**Sample Contracts:** These are SAMPLES only, to receive enrollment forms, click on the "CLICK HERE TO ENROLL" link above.

[SAMPLE - Soils Offsets Contract \(No-till or Grass/Forage\)](#)

[SAMPLE - Methane Offset Contract \(Manure Digesters\)](#)

[SAMPLE - Forestry Contract and Worksheets](#)

The forestry and methane contracts are available nationwide and have no enrollment date.

### **Download (PDF):**

[Carbon Credit Program Handout](#)

[Carbon Credit Program Brochure](#)

[Eligible Counties](#)

[Carbon Credit Income Estimator](#)

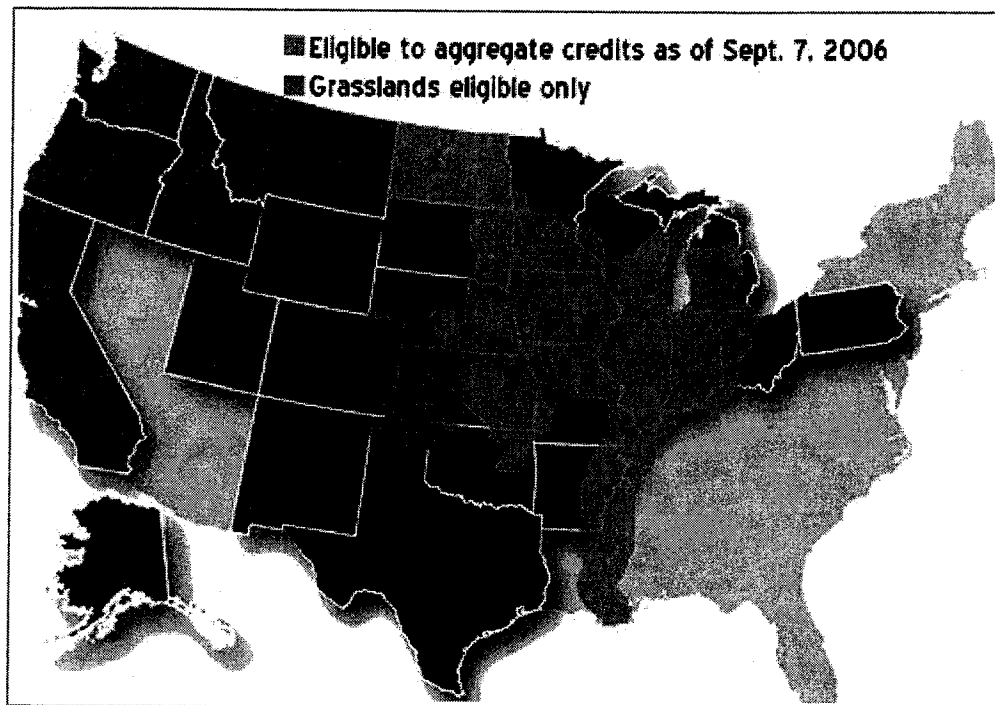
[Questions & Answers](#)

[Carbon Credit Links](#)

### **For More Information:**

[carboncredit@ndfu.org](mailto:carboncredit@ndfu.org)

Dale Enerson - 800-366-8331 ext.116



## Current News

**NFU Offers Farmers Opportunity to Increase Income through Stewardship — 10|9|06**

**National Farmers Union Releases Findings of Farm Bill Listening Sessions — 9|8|06**

**NFU Points to Biofuels, Local Marketing as Earth Day Approaches — 4|20|06**

**National Farmers Union Backs Open Fields Initiative — 3|8|05**

**NFU Welcomes Emergency Grazing for Drought Relief — 6|25|04**

## Resources

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# National Farmers Union

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## Important Information to Read Before Enrolling

### **What is the significance of the November 3 deadline?**

Shortly after November 3 we are required to send the enrolled land database to the Chicago Climate Exchange for their review to allow them to randomly select 10 percent of the contracts for verification this fall. The first pool of credits will be sold in early 2007.

Signup for the Carbon Credit Program will continue, but after November 3 the option to market the carbon credits earned in 2005 will not be available. Land enrolled after November 3 will earn credits for 2006 through 2010 and the credits will be sold after January 1, 2008.

### **Why does the North Dakota Farmers Union website come up?**

North Dakota Farmers Union started the Carbon Credit Program earlier this year, developed the enrollment system, is the official aggregator with the Chicago Climate Exchange and will serve as the fiscal agent for the program. As the program expands to other states through National Farmers Union, the enrollment and ongoing program will be managed through NDFU on a contract basis with NFU.

Your state Farmers Union organization will receive some of the revenue from the aggregation program and membership dues will be paid out of the aggregator fees.

### **Why do we have to enroll on the Internet? Can't you just send me the enrollment forms?**

We have designed the enrollment system to be producer-friendly, accurate, and at minimum cost. Online enrollment ensures that you are typing in your land descriptions and information accurately because you know this information best. Your information is transferred directly into our database as you complete the online forms, and when you follow up by mailing in the signed contract (printed from our website) with your maps and CCC-578 forms, the enrollment will be complete. We also expect to communicate via e-mail in the future, so be sure the e-mail account you give us is functioning and be sure to check it regularly.

### **How do you define "no-till"?**

First, it is important to understand that this is continuous no-till on the same land tract for the life of the contract – you cannot rotate your no-till acres to different fields each year.

We use the rule of thumb that you should be disturbing 30 percent or less of the soil surface as you direct-seed the crop. A chisel plow type air seeder (like a Concord) with 10" shank spacing could have 3" wide openers and a wider spaced shank could have wider openers. Most disk no-till drills are very low disturbance, and even the air seeders with mid-row banders will still disturb less than 30 percent of the total soil surface. A separate pass with a narrow-knife anhydrous applicator is also allowed ahead of seeding. No other pre-seeding field tillage nor row-crop cultivation is allowed. Row crop planters and even strip till will work as long as you are disturbing less than 30 percent of the soil surface.

Visit with your local NRCS office for their definitions of no-till in your area.

**What about Harrowing?**

Remember that you are marketing your farm's ability to trap carbon dioxide from entering the atmosphere and contain it in the soil profile. Harrowing only scratches the surface of the soil, at least in places it actually exposes the surface of the soil to the air, especially in fields with minimal residue.

We realize there are times you need to harrow to spread straw rows caused by combining in wet conditions, and with certain crops like flax you may need to harrow to manage residue.

That said, harrowing should not be an every year practice. Many veteran no-tillers have learned that extra efforts to spread both straw and chaff from the combine eliminate the need to harrow and have eliminated that step. If harrowing is done at all, it should be done in the spring just before seeding.

**What if I lose the land before the five year contract is up?**

You are signing a contract lasting until 2010 and pledging to the people who buy carbon credits that you will be doing these practices as per the contract. If the land should change operators but the practice could be continued, there would be a chance to transfer the contract to another producer, but it will require approval. Each year 20 percent of your earned credits are put into a "carbon bank" or escrow account. At a minimum, you will lose your escrow account if the contract is broken. You will also not earn the credits in the out years. If a case can be made that you entered this contract in bad faith, not intending to complete it, then all of the credits, penalties and interest will be repaid.

You can pick and choose what parts of your farm to enroll. If you are not sure of the chances of having a rented tract for the five years, then leave that out, and you can always add it to the contract in future years.

**In a nutshell, How do I enroll?**

Go to the [NFU's Carbon Credit Page](#) and look over the info and sample contracts.

Select the "Click Here to Enroll" link, which will take you to the NDFU site. As soon as you create your farm information page, called the soils offset form, the system will give you a contract number. Be sure to write the number down. Soon after you create this page, the system will e-mail you a password. Write that down and save it as it is your means to access your account.

Enter your farm information and land descriptions. Note that the land descriptions are by township number, range number and section number. Describe the largest land unit possible and then total the acres of no-till or eligible grass in each. You do not need to describe each individual field as we will have your FSA maps and CCC-578 forms to calculate acres.

Download and print the contract. Sign the contract and send it, along with copies of the FSA maps and CCC-578 forms, to the mailing address in Jamestown, N.D. There is also a "certification report" option just below the list of land parcels; this will save a step if you download and print the report and send it, signed, with your enrollment. The online enrollment for this pool will end November 3. It is fine if it takes another couple days to get the maps and other papers in to our office.

## Current News

[NFU Offers Farmers Opportunity to Increase Income through Stewardship](#) — 10/9/06

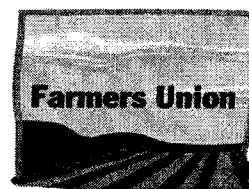
[National Farmers Union Releases Findings of Farm Bill Listening Sessions](#) — 9/8/06

<http://nfu.org/issues/environment/carbon-credits/important-information-to-read-...> 1/22/2007

Farmers Union  
**CARBON CREDIT PROGRAM**  
PO Box 2136 • 1415 12th Avenue SE  
Jamestown, ND 58402-2136

Contract No. \_\_\_\_\_

State \_\_\_\_\_



**Carbon Credit  
Program**

**2006-2010 APPLICATION FOR PARTICIPATION IN A SOIL CARBON POOL  
and SALES CONTRACT for EXCHANGE SOIL OFFSETS (XSOs)**

SELLER \_\_\_\_\_ PHONE \_\_\_\_\_ DATE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY/STATE/ZIP \_\_\_\_\_

I, \_\_\_\_\_ hereby apply for participation in a soil carbon pool managed by **North Dakota Farmers Union** to register Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2006-2010 on property that I own or control. I hereby agree that \_\_\_\_\_ acres shall be in continuous conservation tillage as defined in this Agreement and that \_\_\_\_\_ acres shall be in continuous grass cover that was established on or after January 1, 1999. I further agree that I will abide by the rules of the CCX as they pertain to XSOs and to the conditions for Pool participation as set forth in this agreement.

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_

Purchaser agrees to buy and seller agrees to sell and deliver to purchaser free from liens and encumbrances at 1415 12th Avenue SE, Jamestown, North Dakota 58401, the rights to the Exchange Soil Offsets (XSOs) created during the years 2006 through 2010 through the application of

CONSERVATION TILLAGE to \_\_\_\_\_ acres and/or PERMANENT GRASS COVER to \_\_\_\_\_ acres as submitted in the Exchange Soil Offset Enrollment Worksheet.

**Please complete and attach the Exchange Soil Offset Enrollment Worksheet**

XSOs accrue at the rate of 0.5 XSO per acre per year for continuous conservation tillage.

XSOs accrue at the rate of 0.75 XSO per acre per year for permanent grass cover.

20% of the accrued XSOs shall be held in reserve by the Purchaser until December 31, 2010.

Seller warrants that the XSOs covered by this contract comply with all rules of the Chicago Climate Exchange. In particular. Seller warrants that the land from which the XSOs covered by this contract arise shall be in continuous conservation tillage or permanent grass cover, as applicable, during the period January 1, 2006 through December 31, 2010. In the event that the land fails to meet these requirements, all XSOs from such land shall be null and void and any payments for XSOs delivered prior to January 1, 2011, shall be repaid subject to interest and penalties as provided in this agreement.

**\*The transfer price of the XSOs covered by this contract shall be the sales price as determined by sale through the Chicago Climate Exchange less a 10% service fee.** Sale of XSOs covered by this contract shall be at the sole discretion of the Purchaser, however all XSOs shall be priced no later than June 30, 2011. Payment for XSOs covered by this contract shall be made on an annual or semi-annual basis. The parties to this contract hereby agree that the title to the XSOs shall be automatically delivered to the Purchaser on the first day of January following the year of in which sequestration occurred. By signature hereto, Seller irrevocably conveys title to the XSOs stated above as of the first day of January following the year in which sequestration occurred. Seller further warrants compliance with the terms and conditions contained in the Agreement for the period from January 1, 2006, through January 1, 2011.

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchaser's Signature  
North Dakota Farmers Union

\_\_\_\_\_  
Date

## TERMS AND CONDITIONS

**CCX Offset Project Terms and Conditions:** By registering a project with Chicago Climate Exchange (CCX), each project owner agrees to and acknowledges the following Terms and Conditions in relation to the project and the Exchange Offsets issued by CCX:

1. The enrolled project meets all applicable eligibility rules of the Chicago Climate Exchange.
2. CCX will issue to the CCX Registry account of the project owner, or its designated aggregator, a quantity of Exchange Offsets that conforms to the applicable CCX Rules. Project owners will be notified of acceptance/rejection of their XSOs into the CCX Registry account by the designated aggregator at or before the time of the first payment due the Seller hereunder.
3. Each sale of Exchange Offsets executed through the Chicago Climate Exchange shall represent a complete transfer of all legal rights associated with the mitigation of greenhouse gases that relate to the quantity and time periods associated with the Exchange Offsets that are established through fulfillment of the Terms of this contract.
4. The project owner or its CCX-registered aggregator may sell or retain the Exchange Offsets earned under the provisions of this agreement.
5. The project owner shall retain full legal ownership of all greenhouse gas mitigation rights that may accrue: (a) on lands or via activities not included in the CCX-registered project; (b) in excess of the quantity of Exchange Offsets issued by CCX to **CCX-registered projects**; (c) **before or after the years 2005 through 2010 for the CCX-registered project**.
6. Neither CCX nor **Farmers Union** make any warranty as to the marketability or market value of CCX Exchange Offsets.
7. Each project owner, and, when applicable, its aggregator, is required to periodically submit a signed project report that confirms conformance with the terms herein. Representatives of CCX may conduct on-site inspection of registered projects and related documents. Each project owner agrees to provide access in such cases in a prompt and cooperative manner. All CCX offset projects and project reports and verification reports are subject to inspection and audit by the provider of regulatory services designated by CCX and by other independent experts as may be engaged by CCX.
8. CCX may request additional information and/or access to registered projects for the purpose of advancing understanding of greenhouse gas mitigation projects. Project owners may decline such access without penalty. In no cases shall research findings cause a reduction in the quantity of Exchange Offsets to be issued to a registered project.
9. Failure to conform to the provisions established herein may result in termination of enrollment in CCX and prohibition from all further participation in CCX.

**CCX Eligibility Requirements:** All CCX-eligible carbon sequestration projects (i.e. forestry and soil projects) that produce less than 12,500 metric tons CO<sub>2</sub> equivalent of Exchange Offsets per year must be registered through a CCX-registered aggregator. Projects that are represented in CCX by an Aggregator are referred to as "pooled projects." The "pool" refers to the multiple projects represented by the Aggregator. Each aggregator is assigned a CCX Registry account which will hold all Offsets issued to projects it represents. Aggregators shall also be Authorized Traders in the CCX Trading Platform for such offsets. Aggregators shall be responsible for receiving from individual projects the CCX-required project reports, and for submitting to CCX summary reports of projects they represent. The terms of the business and legal relationships between aggregators and project owners are left to the discretion of those parties.

**Verifier:** Is a technically expert entity that is approved by CCX to conduct verification of CCX Exchange Offset projects.

**Offset Issuance:** CCX-eligible greenhouse gas mitigation

projects can be recorded in the CCX Registry and will be issued Exchange Offsets on the basis of mitigation tonnage realized during the years 2005, 2006, 2007, 2008, 2009 and 2010. All Offset project mitigation effectiveness will be quantified on the basis of metric tons of CO<sub>2</sub> equivalence. Each Exchange Offset will represent one hundred metric tons of carbon dioxide (CO<sub>2</sub>) and will be identified by annual vintage.

**Vintage:** The vintage of an instrument is defined as the first year the designated instrument may be used for compliance with the CCX emission reduction schedule, or, as applicable, purchase reduction schedule.

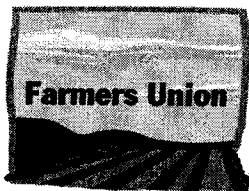
**Trading Authority. Farmers Union** shall have sole authority to access the CCX Trading Platform and Registry account(s) holding the Offsets issued to projects it represents and to execute sales on the CCX electronic trading platform on behalf of project owners and distribute sales proceeds to project owners in accordance with the terms stated in this contract.

**Eligible projects and XSO issuance rates:** Project involving specified Agricultural soil carbon sequestration activities in designated states and counties in the U.S. shall be eligible to earn XSOs. Exchange Soil Offsets will be earned at a rate of 0.5 metric tons CO<sub>2</sub> per acre per year in the eligible area to land managers who commit to continuous conservation tillage (defined as continuous no-till, strip-till or direct seeding) for the period 2005 through 2010 on the acres specified upon project registration. Enrolled acres may be planted in pulse crops (i.e. beans, peas, lentils) no more than three of the five years 2005 through 2010. Crops must be grown annually. Use of chemical fallow is not permitted, nor is any burning of crop residue. Exchange Soil Offsets also will be issued to land managers who commit to maintain soil carbon storage realized as a result of grass cover plantings that were undertaken **on or after January 1, 1999**. The commitment must be maintained 2005 through 2010 on the acres specified upon project registration. Under this provision XSOs will be at a rate of 0.75 metric tons CO<sub>2</sub> per acre per year in the eligible area.

**Definition of Conservation Tillage:** For CCX purposes these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/Strip-till - Managing the amount orientation and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements.

**Non-compliance:** In the case of noncompliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets contract, the owner of the noncompliant project shall return a quantity of CCX Exchange Offsets and/or Exchange Allowances that is equal to the total quantity of XSOs that have been issued to the project during the years 2005 through 2010, or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances. The owner shall also pay to the aggregator, a penalty equal to twenty percent (20%) of the value of all offsets or allowances covered under this Agreement as well as interest accruing on said amounts from the date of noncompliance as well as all costs incurred by aggregator in enforcing this provision inclusive of reasonable attorney fees. The owner of the noncompliant project may be prohibited from further participation in CCX.

**Agricultural soil carbon reserve pool:** Each CCX XSO project shall be required to place 20% of the offsets it earns into a CCX soil carbon reserve pool. Such XSOs shall remain the property of the project owner(s) (pool participants in the case of aggregated projects and all XSOs that remain in the pool shall be released to the project owners in late 2010. In the event that a project owner does not conform to the XSO performance requirements listed herein such event shall be promptly reported to CCX (such reporting shall occur through a project's aggregator if the project is registered through an aggregator), CCX will then cancel offsets held in the Reserve Pool in an amount equal to the quantity of XSOs previously issued to the project.



## **Carbon Credit Program**

### **Farmers Union Carbon Credit Program Management Guidelines for No-till Crop Production Practice**

#### **CROPPING PRACTICES**

- Crops must be grown annually.
- Pulse crops (i.e., beans, peas, lentils) may be seeded no more than three of five years.
- Use of chemical fallow is not permitted.
- Crop residue shall not be burned.

#### **IMPLEMENTS**

Implements acceptable for use include:

- No-till planter/drill
- Subsurface disturbance implements (Note: The vertical slot created by these implements must be closed at the soil surface.)
  - o Anyhydrous applicator
  - o Manure knife applicator
  - o Subsoiler/ripper

Implements not acceptable for use include:

- Moldboard plow
- Tandem/Offset disk
- Chisel plow
- Field cultivator
- Row crop cultivator
- Harrow

#### **USDA-NRCS RESIDUE AND TILLAGE MANAGEMENT GUIDELINES (STIR and SCI)**

Adherence to the cropping and implement guidelines outlined above should be reflective of management practices resulting in a Soil Tillage Intensity Rating (STIR) of 20 or less and a Soil Conditioning Index (SCI) of 0.3 or greater (USDA-NRCS North Dakota Conservation Practice Standard 329, September 2005).

For further information regarding conservation tillage, contact your local NRCS office.

## **CARBON CREDIT PROGRAM**

The Farmers Union Carbon Credit Program allows producers to receive cash compensation for environmentally friendly practices.

The excess carbon in our atmosphere is a documented source of negative environmental effects on the planet. In order to protect the environment and do our part to decrease the amount of carbon in the atmosphere, we can limit and then capture the amount of carbon released.

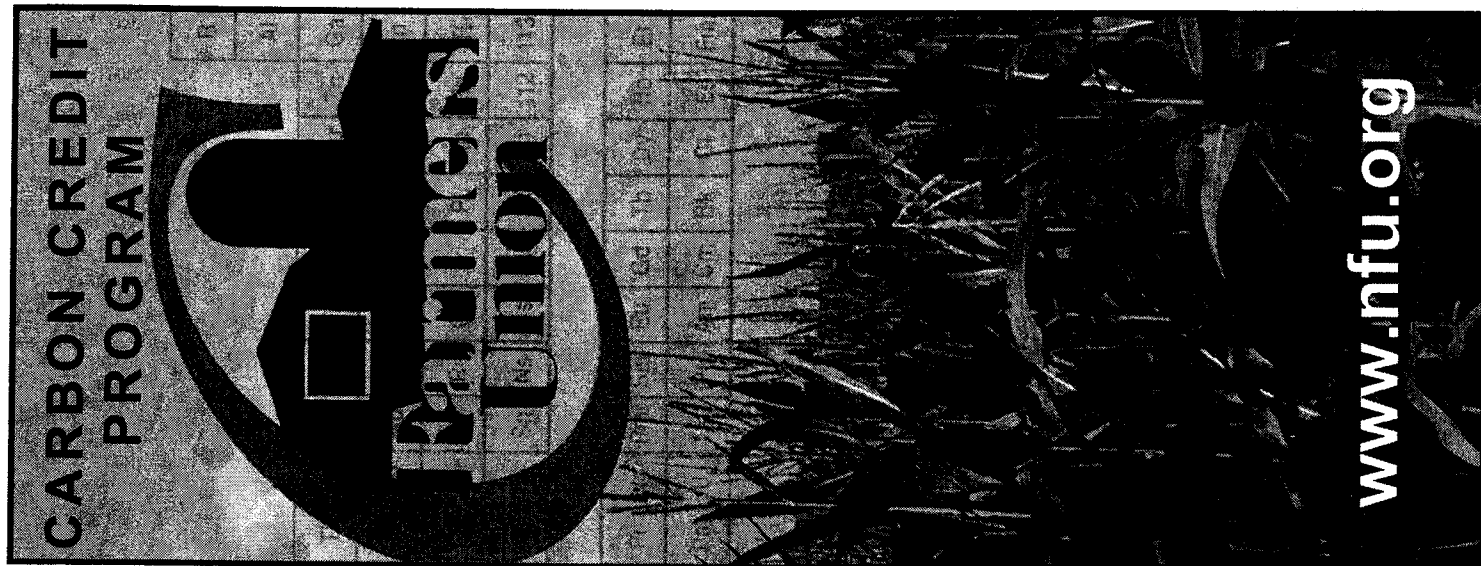
We already know that America's family farm producers are the best stewards of the land. Now, through Farmers Union's Carbon Credit Program, producers and landowners alike can collect cash for their good work!

**TO LEARN MORE, GO TO  
[WWW.NFU.ORG](http://WWW.NFU.ORG)**

**OR CALL  
1-800-366-8331 EXT. 116**

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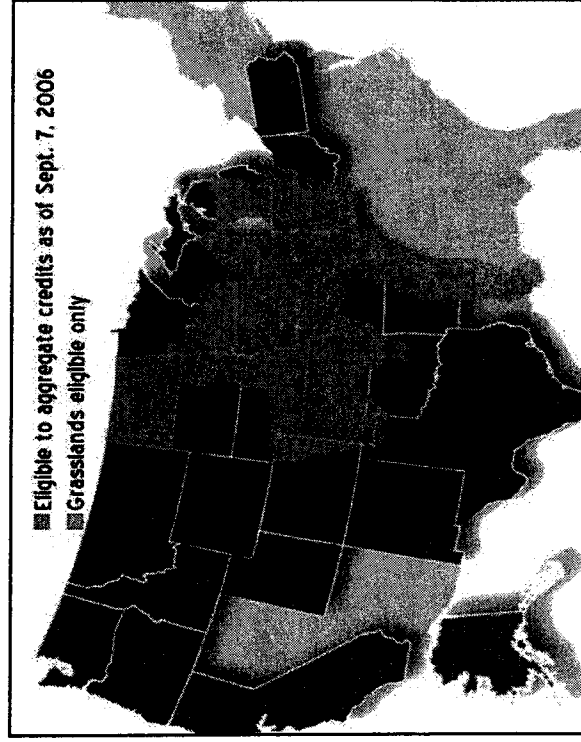


## HOW IT WORKS

Each fall, the Chicago Climate Exchange (CCX) or its designee will conduct a random spot check of land tracts. At the end of the year, all of the database information will be submitted to CCX, and carbon credits will be issued to Farmers Union's aggregator trading account. Farmers Union will then sell the credits on the exchange, and the proceeds, less fees and escrow, will be sent to the producer or landowner. Generally, the credits would be sold after January 1, after they have been earned. This will allow participants to receive updated credit prices each year.

## CHICAGO CLIMATE EXCHANGE

CCX is North America's only – and the world's first – greenhouse-gas-emission registry, reduction and trading system for all six greenhouse gases – carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. CCX ([www.chicagoclimatex.com](http://www.chicagoclimatex.com)) is a self-regulatory, rules-based exchange designed and governed by CCX members. Members make a voluntary but legally binding commitment to reduce greenhouse gas emissions.



## ELIGIBLE LAND AND CREDIT EARNING POTENTIAL

Land that is eligible to be enrolled in the Carbon Credit Program must be capable of being cropped, even though it currently may be in a harvested grass or forage crop. It must be designated as "cropland" on Farm Service Agency maps.

**No-till:** Carbon credits will be issued at the rate of 0.5 metric ton of carbon dioxide (0.4 in North Dakota only) per acre annually to participants who commit to continuous no-till on the same land from 2006 through 2010.

In some cases, credit can be earned for the 2005 year. Enrolled acres may be planted in pulse crops (i.e., beans, peas, lentils) in no more than three of the contract years.

### Seeded grass or forage stands:

Carbon credits will be earned at a rate of 0.75 metric ton per acre annually, even if harvested for hay or enrolled in CRP.

*Grass stands seeded prior to January 1, 1999, will not be eligible for enrollment in the program.*